

## Message Text

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FOR EUR ONLY

E.O. 11652: XGDS-3  
TAGS: AMGT, PEPR, US, UR  
SUBJECT: US GOALS AND OBJECTIVES IN USSR

REF: (A) 77 STATE 291277, (B) 77 STATE 295597,  
(C) 77 STATE 296053

### 1. OVERVIEW

A. EMBASSY CONCURS IN U.S. GOALS AND OBJECTIVES  
CONVEYED IN 77 STATE 295597, WHICH ARE IN SUMMARY:  
STRENGTHENED BILATERAL AND OTHER ARMS CONTROL EFFORTS;  
CONSTRUCTIVE SOVIET INTERNATIONAL BEHAVIOR; PROJECTION  
OF U.S. VIEWS TO THE SOVIET LEADERSHIP AND PEOPLE;  
EXPOSURE OF THE SOVIET UNION TO HUMAN RIGHTS CONCERNS;  
AND IMPROVED BILATERAL ATMOSPHERE AND TRADE.

B. THE CONTEXT: LOSS OF MOMENTUM, MAJOR IRRITANTS:

-- CONTINUING THEIR POST-1974 DECLINE, U.S.-SOVIET  
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RELATIONS REACHED A FIVE-YEAR LOW IN THE SPRING AND  
SUMMER OF 1977. AT THAT TIME THE SOVIETS LOUDLY  
DENOUNCED OUR MARCH 1977 SALT PROPOSALS, INTENSIFIED A  
CRACKDOWN ON INTERNAL DISSIDENTS, CONTINUED A TREND  
TOWARD REDUCED PURCHASE OF U.S. GOODS, AND REVIVED A  
STREAM OF ANTI-AMERICAN PROPAGANDA IN THEIR MEDIA.

-- A TEMPORARY IMPROVEMENT IN RELATIONS EMERGED IN THE FALL FOLLOWING RESTORATION OF SALT MOMENTUM BY GROMYKO'S MEETINGS WITH THE PRESIDENT, THE OCTOBER 1 U.S.-SOVIET JOINT STATEMENT ON THE MIDDLE EAST, AND PROGRESS ON SEVERAL ARMS CONTROL TOPICS.

-- THE SOVIETS WERE SOON SHOCKED, HOWEVER, BY WHAT THEY VIEWED AS U.S. CONNIVANCE WITH SADAT AND BEGIN IN MOUNTING NEGOTIATIONS OUTSIDE THE GENEVA CONTEXT, WHICH TO SOVIET EYES APPEARED AS A BLATANT EFFORT TO EXCLUDE THE USSR FROM THE MIDDLE EAST PEACE PROCESS. SINCE DECEMBER, THE SOVIETS HAVE ALSO CHARGED FOOT DRAGGING IN SALT AND MOUNTED A HEAVY-HANDED CAMPAIGN AGAINST OUR DEVELOPMENT AND DEPLOYMENT OF THE REDUCED BLAST/ENHANCED RADIATION WEAPON. STUNG BY PUBLIC ATTENTION TO HUMAN RIGHTS ABUSES HERE, THEY DUG IN THEIR HEELS AT THE BELGRADE CSCE CONFERENCE TO PREVENT A REVIEW OF POST-HELSINKI HUMAN RIGHTS DEVELOPMENTS IN THE FINAL BELGRADE DOCUMENT. BRUSHING ASIDE OUR CALLS FOR SUPER-POWER NON-INVOLVEMENT IN THE HORN OF AFRICA, THE SOVIETS AND THEIR CUBAN PROXIES HAVE MOUNTED A MAJOR EFFORT TO CRUSH AND EXPEL SOMALI INVADERS FROM THE OGADEN, REFUSING TO COOPERATE IN EFFORTS TO ACHIEVE A PEACEFUL SETTLEMENT (EXCEPT ON ETHIOPIAN TERMS).

-- THESE DEVELOPMENTS HAVE OBVIOUSLY CREATED MAJOR PROBLEMS IN IMPLEMENTING ALL FIVE OF OUR BROAD GOALS AND  
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OBJECTIVES.

C. THE CONTEXT: A PLATEAU OF PROGRESS:

-- RECOGNITION OF THE SERIOUS PROBLEMS NOW CONFRONTING US IN OUR RELATIONS WITH THE USSR SHOULD NOT OBSCURE THE FACT THAT THE RELATIONSHIP IS IN MANY IMPORTANT RESPECTS MUCH HEALTHIER THAN IT WAS DURING THE "COLD WAR" YEARS OF THE FIFTIES AND SIXTIES.

-- DESPITE THE POTENTIAL EXPLOSIVENESS OF LOCAL SOVIET AUDIENCES OF UNPRECEDENTED SIZE: U.S.-SOVIET TRADE, WHILE LOWER THAN IN '1976, CONTINUES AT A SIGNIFICANT LEVEL WITH PALPABLE BENEFITS TO THE U.S. ECONOMY AND BALANCE OF PAYMENTS; THE EMBASSY'S ACCESS TO A WIDE VARIETY OF OFFICIAL CONTACTS HAS NOT BEEN IMPAIRED.

-- BOTH SIDES ARE PUBLICLY COMMITTED TO AN IMPROVEMENT IN RELATIONS: DESPITE THEIR HABITS OF HARD BARGAINING AND AT TIMES IRRESPONSIBLE BEHAVIOR, THE SOVIETS IN FACT STILL PLACE A VERY HIGH VALUE ON ESTABLISHING STABLE RELATIONS WITH THE U.S.

D. THE CONTEXT: LOOKING FOR A SILVER LINING:

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-- IN THE LONG RUN, THE CHILL IN OUR RELATIONS MAY  
FACILITATE PROGRESS IN THE FUTURE IF IT LEADS TO A MORE  
REALISTIC APPRAISAL OF THE RELATIONSHIP BY BOTH SIDES AND  
A GREATER SOVIET APPRECIATION OF THE IMPACT OF THEIR  
BEHAVIOR AT HOME AND ABROAD ON THE RELATIONSHIP.

-- WITH THE DEPARTMENT'S SUPPORT, BOTH SUBSTANTIVE AND  
LOGISTIC, THE EMBASSY IS NOW EQUIPPED TO SHOULDER AN  
INCREASING SHARE OF THE TASK OF PRESENTING U.S. VIEWS TO  
SOVIET DECISION MAKERS AND TO PROVIDE INSIGHTS INTO THE  
SOVIET DECISION-MAKING PROCESS.

2. CURRENT STATUS OF ACHIEVEMENT OF OBJECTIVES:

-- WE FACE MAJOR PROBLEMS IN ATTAINING OUR KEY OBJECTIVES  
OVER THE NEXT TWO YEARS; MOST OF THEM DEPEND CRITICALLY  
ON SUCCESSFUL RESOLUTION OF SALT-II. THE CURRENT STATUS  
IS AS FOLLOWS:

A. STRENGTHENED BILATERAL AND OTHER ARMS CONTROL EFFORTS:

-- THE OUTLOOK FOR A SALT-II AGREEMENT IMPROVED  
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SUBSTANTIALLY IN THE FALL OF 1977, BUT WE STILL FACE THE QUESTION WHETHER THE SOVIETS WILL BE WILLING AND CAPABLE OF EXHIBITING SUFFICIENT FLEXIBILITY TO SECURE A VIABLE AND RATIFIABLE SALT-II AGREEMENT IN 1978.

-- SIGNIFICANT PROGRESS IN OTHER ARMS CONTROL TALKS WAS REGISTERED IN 1977, PARTICULARLY REGARDING A COMPREHENSIVE TEST BAN, CHEMICAL WEAPONS, AND INDIAN OCEAN ARMS RESTRAINT. THE OUTLOOK FOR THE LATTER HAS SUDDENLY BECOME MORE CLOUDED, HOWEVER, AS A RESULT OF SOVIET INTERVENTION IN THE HORN OF AFRICA.

-- NO SIGNIFICANT PROGRESS WAS REGISTERED IN THE MBFR NEGOTIATIONS IN VIENNA.

-- WE HAVE ACHIEVED WELCOME BUT LIMITED PROGRESS IN THE EXCHANGE OF MILITARY VISITS AND IN SOVIET COMPLIANCE WITH THE CBM PROVISIONS OF THE HELSINKI FINAL ACT.

B. CONSTRUCTIVE SOVIET INTERNATIONAL BEHAVIOR:

-- SOVIET MILITARY ACTION IN THE HORN OF AFRICA, COMING LESS THAN TWO YEARS FROM THEIR INTERVENTION IN ANGOLA, HAS PROVIDED AN ADDITIONAL AND MAJOR SETBACK TO DEVELOPMENT OF A MUTUALLY AGREED CODE OF CONDUCT TOWARD THIRD COUNTRIES, SUCH AS THAT EMBODIED IN THE 1972 DECLARATION OF PRINCIPLES.

-- FOLLOWING THE SADAT INITIATIVE IN THE MIDDLE EAST, SOVIET POLICY HAS TURNED MORE OBSTRUCTIVE IN THAT KEY AREA

.- THE SOVIETS HAVE NEGATIVE IF NOT OPENLY HOSTILE VIEWS TOWARD OUR EFFORTS TO RESOLVE PEACEFULLY THE EXPLOSIVE ZIMBABWE AND NAMIBIA ISSUES.

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-- ON THE OTHER HAND, WHILE NOT CONSTRUCTIVE, THE SOVIETS DID EXERCISE RESTRAINT DURING THE SHABA CONFLICT IN ZAIRE AND ARE NOTICEABLY CIRCUMSPECT ON THE PANAMA CANAL TREATY.

-- ON BALANCE, HOWEVER, WE ARE NOW FARTHER FROM PROGRESS IN THIS GOAL THAN WE HAVE BEEN FOR SEVERAL YEARS.

C. PROJECTION OF U.S. VIEWS TO THE SOVIET LEADERSHIP AND PEOPLE:

IN THIS AREA WE HAVE ACHIEVED MORE SUBSTANTIAL PROGRESS

THAN IN OTHERS.

-- HIGH LEVEL COMMUNICATIONS CHANNELS HAVE WORKED EFFECTIVELY.

-- VISITS TO MOSCOW BY SECRETARY VANCE AND UNDERSECRETARY HABIB, GROMYKO'S VISIT TO WASHINGTON AND NEW YORK, AMBASSADOR WARNKE'S FREQUENT MEETINGS WITH VARIOUS SOVIET ARMS NEGOTIATORS, VISITS TO THE USSR BY CHIEF JUSTICE BERGER, SENATOR ADLAI STEVENSON AND CODEL SMITH AND THE RECENT TRIPS TO THE U.S. OF SOVIET DELEGATIONS LED BY CANDIDATE POLITBURO MEMBERS SOLOMENTSEV AND PONOMAREV HAVE PROVIDED TOP SOVIET LEADERS DIRECT EXPOSURE TO THE VIEWS OF OUR EXECUTIVE, LEGISLATIVE AND EVEN JUDICIAL LEADERS.

-- ALTHOUGH DIPLOMATIC ACCESS TO THE TOP SOVIET LEADERSHIP REMAINS HIGHLY LIMITED, THE AMBASSADOR HAS GAINED MORE SUBSTANTIVE ACCESS TO BREZHNEV AND GROMYKO THAN ANY OTHER AMBASSADOR IN MOSCOW.

-- THE EMBASSY HAS IMPROVED THE ACCESS TO A WIDE RANGE OF

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SENIOR AND MID-LEVEL SOVIET GOVERNMENTAL OFFICIALS.

-- AFTER A TEMPORARY SLOWDOWN REFLECTING OUR ANGER OVER SOVIET INVOLVEMENT IN ANGOLA, THE RENEWED PACE OF JOINT COMMITTEE MEETINGS OF OUR SPECIAL BILATERAL AGREEMENTS HAS EXPOSED SOVIET CABINET OR SUB-CABINET OFFICIALS TO THE VIEWS OF THEIR U.S. COUNTERPARTS.

-- THE TWO-WAY FLOW OF LESSER OFFICIAL AND UNOFFICIAL VISITORS, EXHIBITIONS AND CULTURAL PRESENTATIONS CONTINUED, EXPOSING MORE SOVIET PEOPLE TO AMERICAN VIEWS.

-- OUR CONSULATE GENERAL IN LENINGRAD, KIEV ADVANCE PARTY EXPANDED THEIR CONTACTS WITH OFFICIALS AND PEOPLE OF THEIR RESPECTIVE CONSULAR DISTRICTS.

D. EXPOSURE OF THE SOVIET UNION TO HUMAN RIGHTS CONCERNS:

-- WE HAVE ACHIEVED THIS GOAL IN THE SENSE THAT THE SOVIET LEADERSHIP IS ACUTELY AWARE OF OUR VIEWS, AS IS A VERY WIDE SOVIET RADIO AUDIENCE.

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-- CONCRETE RESULTS OF THIS POLICY ARE MIXED AND AS YET LIMITED: ON THE ONE HAND THE SOVIETS INTENSIFIED THEIR CRACKDOWN ON DISSIDENTS, MOUNTED A MASSIVE COUNTER PROPAGANDA CAMPAIGN AGAINST THEM (AND THE U.S.) AND DUG IN THEIR HEELS ON THE HUMAN RIGHTS ISSUE AT THE BELGRADE CSCE CONFERENCE. ON THE OTHER HAND SOVIET AUTHORITIES IN 1977 AUTHORIZED A 20 PERCENT INCREASE IN JEWISH EMIGRATION OVER 1976, AND PERMITTED (IN SOME CASES INDUCED) SOME LEADING HUMAN RIGHTS ACTIVISTS TO LEAVE THE USSR.

E. IMPROVED BILATERAL ATMOSPHERE AND TRADE:

(1) TRADE AND ECONOMIC TIES: DESPITE THE DAMPENING EFFECT OF TRADE ACT RESTRICTIONS, WE HAVE MAINTAINED A RESPECTABLE LEVEL OF ECONOMIC TIES IN BOTH AGRICULTURAL AND INDUSTRIAL AREAS. HOWEVER, OUR EXPORTS OF NON-AGRICULTURAL PRODUCTS HAVE BEEN MAINTAINED TO A SIGNIFICANT DEGREE BY IMPLEMENTATION OF PROJECTS AGREED UPON BEFORE THE TRADE ACT IMPASSE. THE PROSPECTS, THEREFORE, ARE FOR A FURTHER DECLINE UNLESS TRADE BARRIERS CAN BE REMOVED.

-- THE GRAIN AGREEMENT HAS BEEN WORKING SMOOTHLY AND THE USSR HAS LIVED UP TO ITS PURCHASE COMMITMENTS. SOVIET ADHERENCE TO THE TENOR OF THE MARITIME AGREEMENT HAS IMPROVED SINCE MARCH 1977. WE APPEAR TO BE AT THE POINT OF REACHING AN INTERIM CIVIL AIR AGREEMENT ALBEIT DUE IN PART TO A CHANGE IN THE U.S. ATTITUDE TOWARDS THE CHARTER MARKET. IN THE COMMUNICATIONS AREA THE "HOT LINE" HAS BEEN UPGRADED BY MUTUAL AGREEMENT

-- THE SOVIETS HAVE GRADUALLY BEEN IMPROVING FACILITIES FOR U.S. BUSINESSMEN IN MOSCOW IN REPOSE TO OUR

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PRESSURE, BUT MORE REMAINS TO BE DONE'

-- THE U.S. TRADE PROMOTION PROGRAM IN THE USSR HAS NOW REACHED A STAGE WHICH IS AS EXTENSIVE AS FACILITIES AND PERSONNEL PERMIT, AND ABOUT AS EFFECTIVE AS IT CAN BE, GIVEN EXISTING TRADE RESTRICTIONS AND THE OVERALL ATMOSPHERE.

-- EMBASSY CONTACTS WITH SOVIET ECONOMIC POLICY MAKERS HAVE BEEN LIMITED BY THE INFLUENCE OF THE OVERALL BILATERAL ATMOSPHERE, INCLUDING FAILURE TO IMPLEMENT THE TRADE AGREEMENT. THE MESSAGE THAT THE OVERALL ATMOSPHERE IS IMPORTANT FOR RESOLUTION OF JACKSON-VANIK IMPASSE HAS BEEN DELIVERED CLEARLY AND UNEQUIVOCALLY.

-- WE HAVE MADE THE LEAST PROGRESS IN THIS AREA IN ENCOURAGING SOVIET PARTICIPATION IN THE WORLD ECONOMY.

(2) OTHER BILATERAL TIES: WE HAVE ESTABLISHED A SIGNIFICANT LEVEL OF HIGH LEVEL VISITS BOTH WAYS, AND THE PROSPECTS FOR GRADUAL EXPANSION LOOK GOOD. THERE HAS BEEN A GRADUAL BUT STEADY IMPROVEMENT IN ACCESS TO SOVIET SOURCES FOR U.S. SCHOLARS, BUT LESS PROGRESS IN REGARD TO SUCH ACCESS BY RESIDENT U.S. JOURNALISTS. JOINT COMMITTEES OF OUR BILATERAL AGREEMENTS ARE MEETING ON SCHEDULE AND AS THESE BILATERALS COME FOR RENEWAL THEY ARE BEING CLOSELY EXAMINED FROM THE POINT OF VIEW OF MUTUAL BENEFIT. THE CREATION OF ICCUSA HAS BEEN A MAJOR POSITIVE STEP IN PROVIDING COORDINATION AND ASSESSMENT.

3. KEY POLICY ISSUES IN THE NEXT TWO YEARS:  
IN IMPLEMENTING OUR AGREED GOALS AND OBJECTIVES OVER THE NEXT TWO YEARS WE IDENTIFY THE FOLLOWING KEY POLICY ISSUES:

A. HOW TO REDUCE POSSIBILITY OF OUTRIGHT U.S.-USSR CONFLICT, BEARING IN MIND SPECIAL TENSIONS WHICH MIGHT

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ARISE DURING POSSIBLE NEAR-TERM SUCCESSION IN USSR.

B. HOW TO REGAIN AND MAINTAIN A POSITIVE MOMENTUM, WITHOUT JEOPARDIZING U.S. SUBSTANTIVE INTERESTS, IN U.S.-USSR BILATERAL RELATIONS, WITH SALT AND OTHER MUTUAL ARMS CONTROL EFFORTS AS CENTERPIECE. THIS WOULD ALSO INVOLVE DETERMINATIONS ON HOW TO COORDINATE MOST EFFECTIVELY WITH SOVIETS WHERE OUR INTERESTS COINCIDE (E.G., NON-PROLIFERATION, LOS, DISARMAMENT) WHILE INFLUENCING MOSCOW TOWARD A LESS OBSTRUCTIVE AND HOPEFULLY EVEN A MORE CONSTRUCTIVE ROLE WHEN OUR INTERESTS COMPETE.

C. HOW TO INDUCE AND ENCOURAGE SOVIET RESTRAINT IN THIRD WORLD AREAS SO AS TO AVOID THE REPETITION OF SOVIET RESPONSES SIMILAR TO THOSE IN ANGOLA AND THE HORN OF AFRICA.

D. HOW TO ENCOURAGE MORE SOVIET RESPONSIVENESS ON HUMAN RIGHTS AND MORE GENERAL OPENNESS WITHIN SOVIET SOCIETY.

E. HOW TO DEAL WITH SOVIET SENSITIVITIES AND SUSPICIONS AS WE MOVE TOWARD IMPROVED RELATIONS WITH EE COUNTRIES AND CHINA.

F. HOW TO REDUCE OR ELIMINATE BARRIERS TO U.S.-SOVIET TRADE IN NON-STRATEGIC GOODS WHILE RESTORING AND PRESERVING LEVERAGE TO AFFECT SOVIET BEHAVIOR IN OTHER  
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AREAS (E.G., HUMAN RIGHTS).

4. PROJECTED DEVELOPMENTS AFFECTING ACCOMPLISHMENT OF U.S. OBJECTIVES:

-- THE SHORT TERM OUTLOOK FOR U.S.-SOVIET RELATIONS IS MIXED AND PARTLY MURKY. MUCH DEPENDS ON SALT-II AND ON THE RELATIVE PRIORITIES THE SOVIETS GIVE THEIR CONCURRENT DRIVES FOR EXPANDING THEIR INFLUENCE ABROAD, AND IMPROVING BILATERAL TIES WITHUS. FAILURE TO CONCLUDE AND RATIFY SALT-II COULD SERIOUSLY UNDERMINE A WIDE RANGE OF U.S. OBJECTIVES, PARTICULARLY IF ACCOMPANIED BY INTENSIFIED ASSERTION OF SOVIET POWER IN THE MIDDLE EAST, AFRICA OR ELSEWHERE IN THE THIRD WORLD.



-- OUR READING IS THAT THE SOVIETS WILL PROBABLY - BUT BY NO MEANS CERTAINLY - MAKE SUFFICIENT ADJUSTMENTS TO GET A SALT-II AGREEMENT WITHIN A YEAR OR LESS. SENATE RATIFICATION BY EARLY 1979 WOULD RESULT IN AN IMPROVED BILATERAL POLITICAL CLIMATE WHICH WOULD PROBABLY HAVE POSITIVE SPILL-OVER EFFECT ON OTHER AREAS: TRUE, THE NEGATIVE FACTORS IN OUR BILATERAL "MIX" WOULD LATER PROGRESSIVELY REASSERT THEMSELVES. FOR INSTANCE, WITHIN THE LIMITS OF SALT-II AND OTHER ARMS CONTROL AGREEMENTS THE SOVIETS WILL STILL STRIVE FOR NUCLEAR AND CONVENTIONAL FORCE ADVANTAGES. HOWEVER, POSSIBILITIES FOR EXPLOITING AN IMPROVED POLITICAL CLIMATE WOULD INCREASE SIGNIFICANTLY.

-- WITH OR WITHOUT SALT-II, SOVIET MILITARY, DIPLOMATIC AND ECONOMIC EFFORTS WILL CONTINUE TO BE DIRECTED AT TARGETS OF OPPORTUNITY IN THE MIDDLE EAST (PARTICULARLY IF THE SADAT INITIATIVE FAILS AND THE GENEVA CONFERENCE ROUTE IS BLOCKED), AFRICA, ASIA AND ELSEWHERE. IN THESE EFFORTS THEY WILL SEEK TO MOBILIZE AND COORDINATE THE RESOURCES OF THE WARSAW PACT AND CUBA TO FURTHER THEIR  
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GOALS WHEN LOCAL CIRCUMSTANCES PERMIT. THEY WILL ATTEMPT TO INSULATE THESE EFFORTS AND THEIR CONSEQUENCES FROM U.S.-SOVIET RELATIONS.

-- NOTWITHSTANDING THE POSSIBILITIES FOR INCREASED PARTICIPATION OF THE LEFT IN THE GOVERNMENTS OF ITALY AND FRANCE, WE SEE NO ABRUPT SHIFTS IN SOVIET RELATIONS WITH WESTERN EUROPE WHICH WILL HAVE MAJOR IMPACT ON OUR OBJECTIVES AND POLICIES OVER THE NEXT TWO YEARS.

-- THE SAME APPLIES TO SOVIET RELATIONS WITH CHINA AND JAPAN, ALTHOUGH HEIGHTENED SOVIET CONCERNS OVER THE RECENT MOVES OF PEKING TOWARD THE EC AND JAPAN MAY GIVE EXTRA WEIGHT IN THE "CHINA CARD" OF OUR DIPLOMACY.

-- THE NEXT TWO YEARS COULD BRING MAJOR CHANGES IN THE SOVIET LEADERSHIP AND ATTENDANT CHANGES IN THE EXECUTION, AND CONCEIVABLY IN THE SUBSTANCE, OF SOVIET DOMESTIC AND FOREIGN POLICY. ALTHOUGH WE KNOW LITTLE ABOUT THE PERSONA\* VIEWS OF POTENTIAL SUCCESSORS TO BREZHNEV, WE PRESENTLY ANTICIPATE NO DRAMATIC SHIFTS IN SOVIET POLICY IN THE IMMEDIATE POST-BREZHNEV PERIOD. THE MOST LIKELY PROBLEMS WOULD FLOW FROM A RIGIDITY OF FIXED POSITIONS AND AN INABILITY TO MAKE DECISIONS REQUIRING SIGNIFICANT DEPARTURES FROM ESTABLISHED POLICY.

-- ASSUMING THAT THERE WILL BE NO CHANGE IN 1978 IN U.S. TRADE LEGISLATION AFFECTING THE SOVIET UNION, WE WILL CONTINUE TO EXPERIENCE DIFFICULTIES IN THE ECONOMIC/ COMMERCIAL AREA. OUR NON-AGRICULTURAL EXPORTS TO THE SOVIET UNION WILL CONTINUE TO BE DISADVANTAGED AGAINST WESTERN COMPETITORS OFFERING BETTER FINANCING, AND MAY

CONTINUE TO DECLINE, AS THEY DID IN 1977, FROM 1976 LEVELS

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(AROUND \$800 MILLION) FOR THESE GOODS. NORMALIZATION OF ECONOMIC RELATIONS WILL DEPEND UPON THE ATTITUDE OF CONGRESS, WHICH IN TURN IS INFLUENCED BY THE OVERALL STATUS OF U.S.-SOVIET RELATIONS INCLUDING HUMANITARIAN ISSUES.

5. CURES U.S. STRENGTH AND ENHANCED ABILITY TO ORCHESTRATE A CONVINCING MIX OF MEANINGFUL DISCENTIVES AS WELL AS TO OFFER INCENTIVES. ON THIS LATTER SCORE, WE CAN EXPLOIT MOSCOW'S COMPULSIVE DRIVE TO ACHIEVE RECOGNITION AS A SUPERPOWER EQUAL TO THE U.S. FOR EXAMPLE, GIVEN MOSCOW'S OBSESSION WITH ITS STATUS AS CO-CHAIRMAN OF THE MEPC GENEVA CONFERENCE, WE SHOULD QUIETLY POSITION OURSELVES SUCH THAT, IF THE SADAT INITIATIVE FAILS, WE CAN EXTRACT THE MAXIMUM DEGREE OF SOVIET CONSTRUCTIVE BEHAVIOR AS THE PRICE OF RETURNING TO GENEVA, RATHER THAN BEING PORTRAYED AS YIELDING TO THE INEVITABLE.

B. THE HUMAN RIGHTS/TRADE NEXUS:

-- THE MECHANISM BY WHICH HUMAN RIGHTS AND TRADE BARRIERS ARE LINKED IN CURRENT U.S. LEGISLATION HAS PROVED TO BE UNFORTUNATE, SINCE THE CURRENT SITUATION DOES NOT

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CONTRIBUTE USEFULLY TO THE ACHIEVEMENT OF EITHER AIM. WE SHOULD DIRECT OUR THINKING TOWARD WAYS IN WHICH BOTH POLICY GOALS COULD BE BETTER SERVED.

-- IN OUR VIEW, THIS COULD BE ACHIEVED BY SOME RELATIVELY MINOR CHANGES IN CURRENT LEGISLATION: AUTHORITY FOR THE PRESIDENT TO GRANT A WAIVER WITHOUT RECEIVING ASSURANCES FROM THE SOVIET GOVERNMENT; AND WAIVER AUTHORITY FOR A PERIOD OF THREE YEARS. THIS WOULD PERMIT BRINGING THE 1972 TRADE AGREEMENT INTO FORCE WITHOUT AMENDMENT (THUS MAKING SOVIET ACCEPTANCE LIKELY), BUT WOULD LEAVE IN PLACE THE REPORTING PROCEDURES SET FORTH IN JACKSON-VANIK, AND THE IMPLICIT THREAT THAT MFN AND CREDIT AUTHORITY WOULD BE WITHDRAWN AFTER A THREE-YEAR PERIOD IF SOVIET EMIGRATION PRACTICES DID NOT IMPROVE TO THE SATISFACTION OF CONGRESS.

-- THE NET EFFECT WOULD BE TO REDUCE A MAJOR OBSTACLE TO IMPROVED ECONOMIC RELATIONS, REMOVE A POLITICAL IRRITANT, AND RESTORE OUR LEVERAGE OVER SOVIET EMIGRATION PRACTICES.

-- WE RECOGNIZE THAT A MOVE ALONG THESE LINES IS UNLIKELY TO BE POLITICALLY FEASIBLE UNTIL THE BILATERAL ATMOSPHERE HAS IMPROVED; I.E., AT LEAST UNTIL A SALT-II TREATY HAS BEEN SIGNED AND RATIFIED, AND SOME IMPROVEMENT IN THE SOVIET EMIGRATION PRACTICES AND TREATMENT OF DISSIDENTS HAS BEEN NOTED. SHOULD THESE PRECONDITIONS BE MET DURING THE NEXT TWO YEARS, HOWEVER, WE SHOULD ATTEMPT TO HAVE CURRENT LEGISLATION AMENDED IN A MANNER WHICH WOULD CONTRIBUTE TO BOTH OUR HUMAN RIGHTS AND ECONOMIC OBJECTIVES.

C. CONSULTATIONS ON INTERNATIONAL ECONOMIC ISSUES:

WE SEE SOME POSSIBLE VALUE IN WELL PREPARED AND COORDINATED CONSULTATIONS WITH THE SOVIETS ON INTERNATIONAL ECONOMIC ISSUES IN WHICH MUTUAL INTEREST OR CONSTRUCTIVE JOINT ACTION APPEAR POSSIBLE, ESPECIALLY ON THOSE ECONOMIC  
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ISSUES WHERE POLITICAL OVERTONES ARE RELATIVELY SUBDUED (SUCH AS THROUGH WHO) AND WHERE THE SOVIETS DO RECOGNIZE A NEED FOR INTERNATIONAL ACTION. IN GENERAL WE BELIEVE THAT CONSULTATIONS:

-- ARE MOST LIKELY TO BE CONSTRUCTIVE IN SOME INTERNATIONAL COMMODITY YORA, ESSECIALLY THOSE WITH A AEEUTATION NOR "OBJECTIVITY." THE SOVIETS HAVE SHOWN SIGNS OF INCCEASED ACTIVITY IN SOME OO THESE MEETINGS. EVEN HERE ANY REQUIREMENTS TO OROVIDE INFORMATION ON SUCH ELEMENTS AS STOCKKILES ARE LIKELY TO BE TOUCHY;

-- ARE LEAST LIKELY TO CONTRIBUTE TO THE INTENDED GOAL OR

TO ENHANCE BILATERAL RELATIONS IN FORUMS (E.G., NORTH/

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SOUTH), WHERE THE SOVIETS ARE AGGRESSIVELY ENGAGED IN  
POLITICAL TERMS WITH THE ISSUE BUT CONVERSELY LITTLE  
INCLINED TO OFFER POSITIVE HELP. HERE OUR BEST APPROACH  
WOULD BE TO SAY LITTLE DIRECTLY TO THE SOVIETS BUT,  
DISCREETLY, TO ENCOURAGE THE DEVELOPING COUNTRIES TO TAKE  
THE ISSUE UP EITHER IN INTERNATIONAL ORGANIZATIONS OR  
BILATERALLY WITH MOSCOW;

-- UNLESS WE KNOW OUR GROUND WELL, WE WOULD RECOMMEND  
AGAINST INVESTING TOO MUCH DIPLOMATIC CAPITAL IN THESE  
CONSULTATIONS.

D. SPECIALIZED BILATERALS AND POSSIBLE EFFECT ON  
MULTILATERAL ISSUES:

-- THE SPECIALIZED BILATERALS CAN, AND SHOULD, PLAY AN  
IMPORTANT SUPPORTIVE ROLE TOWARDS MOVING THE SOVIETS TO  
MORE RESPONSIBLE POSITIONS ON A WIDE VARIETY OF INTERNA-  
TIONAL SCIENCE AND TECHNOLOGY ISSUES. THE JOINT  
COMMISSION MEETINGS ALONE BRING GIVE SOVIET LEADERS OF  
MINISTERIAL RANK OR ABOVE TO THE UNITED STATES EACH YEAR,  
AND A SIMILAR NUMBER OF RANKING U.S. OFFICIALS TO THE  
SOVIET UNION. IN ADDITION, UNDER THE BILATERALS OVER 700  
SOVIET SCIENTISTS AND OFFICIALS, MANY OF WHOM WILL BE  
OCCUPYING SENIOR POSITIONS IN COMING YEARS, VISIT THE U.S.  
ANNUALLY AND ARE EXPOSED TO OUR APPROACHES TO INTERNATIONAL  
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SCIENCE AND TECHNOLOGY ISSUES.

-- SOME OF THESE BILATERAL EXCHANGES HAVE ALREADY RESULTED IN INCREASED U.S.-SOVIET SCIENTIFIC-TECHNOLOGICAL COOPERATION IN MULTILATERAL FORA (E.G., THE WHO, WMO, IMCO AND ICAO), BUT MORE CAN BE DONE. FOR EXAMPLE WE SHOULD USE THE BILATERALS TO PUSH FOR SOVIET COOPERATION ON LOS AND MARINE RESEARCH ISSUES.

-- THE DEGREE TO WHICH THE SPECIALIZED BILATERALS FURTHER OUR BILATERAL AND MULTILATERAL GOALS DEPENDS IN LARGE MEASURE ON MONITORING AND COORDINATION OF AGREEMENT ACTIVITIES BY THE DEPARTMENT AND THE EMBASSY. COORDINATION UNFORTUNATELY, VARIES WIDELY AMONG AGREEMENTS. WHILE SOME PROGRESS HAS BEEN REGISTERED IN RECENT YEARS, STRONGER EFFORTS ARE REQUIRED TO ENSURE THAT THE POTENTIAL INHERENT IN THE BILATERALS FOR ACHIEVING POLICY GOALS IS FULLY REALIZED.

E. IMPROVING FLOW OF INFORMATION AND CONTACTS:

THE FREE FLOW OF INFORMATION MAY NEVER EXIST HERE, BUT OUR OBJECTIVE MUST BE TO ACT AS IF IT IS ACHIEVABLE AND TO CONTINUE EFFORTS BOTH TO EXPAND OUR AUDIENCE AND TO IMPROVE THE QUALITY OF THE INFORMATION PROVIDED. SUBSTANTIAL IMPROVEMENTS ACHIEVED OVER THE PAST FEW YEARS DEMONSTRATE THAT CONCERTED EFFORT IN THIS AREA CAN PAY DIVIDENDS. THE FOLLOWING SPECIFIC AREAS WOULD BENEFIT FROM INCREASED ATTENTION OVER THE NEXT TWO YEARS:

-- WE MUST ESTABLISH A MORE EFFICIENT FRAMEWORK FOR INTERACTION BETWEEN THE EMBASSY AND THE VOICE OF AMERICA. THE VOICE IS THE SINGLE MOST EFFECTIVE MEANS OF BRINGING EMBASSY INSIGHTS, DERIVED FROM DIRECT CONTACT  
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WITH VOA'S AUDIENCE, TO BEAR CONSTRUCTIVELY ON PROGRAMMING DECISIONS.

-- WE SHOULD CONTINUE OUR EFFORTS TO ENCOURAGE DIRECT INSTITUTIONAL RELATIONSHIPS BETWEEN THE U.S. AND SOVIET EDUCATIONAL, CULTURAL AND INFORMATIONAL BODIES.

-- AS EXPANSION OF EMBASSY FACILITIES PERMITS, WE MUST CONCENTRATE ON EXPANDING AND IMPROVING OUR OWN LOCALLY-PRODUCED AND DISTRIBUTED INFORMATION MATERIALS, WITH PARTICULAR ATTENTION TO PROVIDING MORE TIMELY INFORMATION IN THE RUSSIAN LANGUAGE.

F. EXPANDED EMBASSY ROLE IN IMPLEMENTING POLICIES:

-- OUR CHIEF PROBLEM REMAINS THE STRONG SOVIET PROPENSITY TO RESTRICT ACCESS TO KEY SOVIET POLICY MAKERS. HOWEVER, WITH THE SUPPORT OF THE PRESIDENT AND THE DEPARTMENT, THE AMBASSADOR HAS GAINED UNPRECEDENTED (IN THE BREZHNEV YEARS) SUBSTANTIVE ACCESS TO BREZHNEV AND GROMYKO. WITH WASHINGTON'S SUPPORT HE WILL CONTINUE TO PUSH FOR ACCESS TO OTHER TOP PARTY AND GOVERNMENT LEADERS SO AS TO CONVEY U.S. VIEWS AND GAIN INSIGHTS ON THEIR THINKING. TO MAKE THIS EFFORT SUCCESSFUL WE NEED (A) MORE LINKAGE BETWEEN SOVIET CONTACTS WITH HIGHLEVEL OFFICIALS IN WASHINGTON AND OUR CONTACTS HERE, AND (B) MORE EMBASSY ACTION ON DELIVERING IMPORTANT SUBSTANTIVE (AS OPPOSED TO PROTOCOLARY/ROUTINE) MESSAGES TO SENIOR SOVIETS.

-- BECAUSE OF EMBASSY PARTICIPATION IN A NUMBER OF ARMS

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FM AMEMBASSY MOSCOW  
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INFO AMCONSUL LENINGRAD

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CONTROL NEGOTIATIONS, WE ARE BETTER POSITIONED THAN EVER TO INTERPRET, REPORT AND PREDICT SOVIET ARMS CONTROL POLICIES AND ATTITUDES. WHAT WE NEED IS MORE OF THE SAME, INCLUDING FUTURE ASSIGNMENTS OF POL-MIL OFFICERS WHO CAN PARTICIPATE IN ARMS CONTROL DISCUSSING IN WASHINGTON, MOSCOW AND THIRD COUNTRY CAPITALS, AND WHO WITH STRENGTHENED CREDENTIALS CAN INCREASE OUR ACCESS TO KNOWLEDGEABLE SOVIET OFFICIALS.

--A WIDE RANGE OF MID AND SENIOR BUREAUCRATS IN SOVIET MINISTRIES, STATE COMMITTEES AND OTHER AGENCIES, ESPECIALLY THOSE DIRECTLY INVOLVED IN OUR BILATERAL AGREEMENTS, HAVE COME TO REALIZE THAT THIS EMBASSY PLAYS A VITAL ROLE (FAR GREATER THAN THE SOVIET EMBASSY IN

WASHINGTON) IN IMPLEMENTING AND NEGOTIATING THE ESSENTIALS OF OUR EXCHANGE PROGRAMS. WE SHALL CONTINUE THE COMPREHENSIVE EFFORT BEGUN IN LATE 1976 TO PROVIDE ASSESSMENTS OF THE VARIOUS AGREEMENTS AS WELL AS OF INDIVIDUAL PROJECTS, AND TO ADVISE REGARDING NEGOTIATING APPROACHES. THE DEPARTMENT SHOULD CONTINUE TO USE ITS COORDINATING MECHANISM TO TIGHTEN OVERALL MANAGEMENT OF THESE AGREEMENTS, WITH PARTICULAR ATTENTION TO IMPROVING THE PERFORMANCE OF SOME OF THE WEAKER EXECUTIVE SECRETARIATS IN WASHINGTON.

-- WE EXPECT TO HAVE RESTORED THE EMBASSY'S PHYSICAL  
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PLANT FROM THE EFFECTS OF THE 1977 FIRE BY THIS FALL, AND IN THE PROCESS SHALL BE INTRODUCING SOME SUBSTANTIAL IMPROVEMENTS IN QUALITY OF SPACE AND EQUIPMENT. BY WINTER, WE SHOULD ALSO BE ABLE TO BRING THE EMBASSY'S STAFF BACK TO ITS AUTHORIZED LEVEL.

-- THE EMBASSY'S AUTHORIZED STAFFING IS TIGHT, GIVEN THE MULTIPLICITY OF TASKS WHICH CONFRONT US AND THEIR IMPORTANCE AND COMPLEXITY. WE FEEL THAT WE CAN CARRY OUT THESE TASKS EFFECTIVELY WITH THE STAFF CURRENTLY AUTHORIZED PROVIDED - AND ONLY PROVIDED - EXTREME CARE IS EXERCISED IN SELECTING AND TRAINING PERSONNEL FOR SERVICE IN THE USSR. OUR STAFFING PATTERN REQUIRES EVERY EMPLOYEE TO WORK CONSISTENTLY AT A VERY HIGH LEVEL OF EFFICIENCY AND COMPETENCE, AND WE DO NOT HAVE THE FLEXIBILITY TO ASORB POORLY TRAINED OR POORLY MOTIVATED EMPLOYEES. FOR THIS REASON, WE CONSIDER IT IMPERTATIVE FOR THE DEPARTMENT TO CONTINUE TO DEVOTE MAJOR ATTENTION TO THE SELECTION, TRAINING AND RATIONAL ASSIGNMENT OF PERSONNEL AT POSTS IN THE SOVIET UNION.

#### 6. PARTICIPATION OF OTHER AGENCIES:

THERE HAVE BEEN NO SIGNIFICANT DIFFERENCES OF OPINION AMONG REPRESENTATIVES OF AGENCIES REPRESENTED IN MOSCOW ON THE FORMULATION OF THIS REPORT. GIVEN THE STRUCTURE AND PATTERN OF INTEGRATED ACTIVITIES OF THIS EMBASSY, OUR APPROACH IS NECESSARILY A COLLECTIVE ONE. THERE IS AND WILL CONTINUE TO BE CLOSE INTERAGENCY COLLABORATION UNDER THE AMBASSADOR'S DIRECTION IN THE FULFILLMENT OF U.S. OBJECTIVES HERE.

7. THIS REPORT WAS PREPARED IN AMBASSADOR TOON'S  
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ABSENCE. EUR IS REQUESTED TO OBTAIN THE AMBASSADOR'S  
CONCURRENCE OR COMMENT BEFORE USING IT AS A STATEMENT OF  
THE EMBASSY VIEW. MATLOCK

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Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
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